GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1730
ANSWERED ON:10.12.2004
AMENDMENT TO INDO THAILAND ACT
Panda Shri Prabodh;Patil Shri Balasaheb Vikhe

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether India and Thailand signed a protocol to amend the framework agreement for establishing a Free Trade Area:

(b) If so, the details thereof:

(c) Whether the Union Government is hopeful bilateral trade from the present level will double;

(d) Whether the two countries will phase out tariffs on some items;

(e) If so, the details of these items and tariffs will be phased out; and

(f) Effect of FTA in agro and rural industries and measures taken to protect the same?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN)

(a) & (b) Yes, Sir. A Protocol to amend the Framework Agreement for establishing a Free Trade Area was signed between India and Thailand on 30lh August, 2004 in New Delhi. As per amended Protocol, the Early Harvest Scheme (EHS) now consists of a list of 82 items as against 84 provided in the Framework Agreement, on which tariffs will be eliminated by 1SL September, 2006.

As per the amended provisions of Article 7(2)
(ii)(a), the EHS would now commence from 1.9.2004 and the products covered under this Article shall be subjected to the following tariff reduction and elimination :

Period	Tariff reduction on applied MFN tariff rates as of 1st January 2004
1.9.2004-31.8.2005	50%
1.9.2005-31.8.2006	75%
1.9.2006	100%

The amending Protocol also makes the interim Rules of Origin and Operational Certificate Procedures an integral part of the Framework Agreement.

(c) to (f) The FTA with Thailand is being negotiated with a view to strengthening and enhancing liberalization of bilateral trade by progressive elimination of tariff and non-tariff barriers in substantially all trade in goods between the two countries. Under the EHS, common items have been agreed for elimination of tariff on a fast track basis. The list for EHS has been finalised after consultations with the administrative Ministries/Departments and the domestic stakeholders. The tariff preferences on imports to India would be available only for those products which enjoy the `originating status` in Thailand as prescribed under the Rules of Origin which are integral part of any Free Trade Agreement. Similarly, the products which enjoy the `originating status` in India would only get tariff preferences for imports in Thailand. To protect the vulnerable sections of the domestic industry, the Framework Agreement provides for each country to maintain a negative/ sensitive list of items for which no tariff concessions shall be granted under the FTA. In

addition, the Agreement provides for trade defence measures which an importing country can take recourse to. In case of a surge in imports and injury to the domestic industry, a country is allowed to take measures such as anti-dumping and safeguards. The Agreement also provides for cooperation among customs authorities for ensuring that the Rules are not violated.